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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 13th September, 1965:—

BILL No. 55 OF 1965

A Bill further to amend the Life Insurance Corporation Act, 1956.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

1. This Act may be called the Life Insurance Corporation (Amendment) Act, 1965. Short title.

31 of 1956. 2. In the Life Insurance Corporation Act, 1956 (hereinafter referred to as the principal Act), in section 26, for the words "business of the Corporation, including a valuation of the liabilities of the Corporation", the words "life insurance business of the Corporation, including a valuation of the liabilities of the Corporation in respect thereto" shall be substituted. Amendment of section 26.

Substitution of new section for section 28.

3. For section 28 of the principal Act, the following section shall be substituted and shall be deemed always to have been so substituted, namely:—

Surplus from life insurance business how to be utilized.

"28. If as a result of any investigation undertaken by the Corporation under section 26 any surplus emerges, ninety-five per cent. of such surplus or such higher percentage thereof as the Central Government may approve shall be allocated to or reserved for the life insurance policy-holders of the Corporation and after meeting the liabilities of the Corporation, if any, which may arise under section 9, the remainder shall be paid to the Central Government or, if that Government so directs, be utilized for such purposes and in such manner as that Government may determine.".

Insertion of new section 28A.

4. After section 28 of the principal Act, the following section shall be inserted, namely:—

Profits from any business (other than life insurance business) how to be utilized.

"28A. If for any financial year profits accrue from any business (other than life insurance business) carried on by the Corporation, then, after making provision for reserves and other matters for which provision is necessary or expedient, the balance of such profits shall be paid to the Central Government.".

STATEMENT OF OBJECTS AND REASONS

Section 28 of the Life Insurance Corporation Act, 1956, provides that where an actuarial valuation under section 26 discloses a surplus, the remainder of the surplus after allocation of not less than 95 per cent. thereof to policy-holders, "may be utilized for such purposes and in such manner as the Central Government may determine". This provision was intended to enable Government to appropriate this portion of the surplus to the Central Government revenue, if they so desired. Accordingly, during each of the last four valuations, a part of the surplus was appropriated to Central revenues. In a recent case, the Supreme Court observed that while the Central Government may determine the manner in which the remainder of the surplus may be utilized, it could not appropriate it as revenue. The amendment, which is retrospective, is designed to give effect to the original intention, while making it clear that the liabilities which devolved on the Corporation under section 9 of the Act but which were not payable out of the Life Insurance Fund would constitute a first charge on the surplus remaining after allocation to policy-holders.

2. Opportunity is taken to clarify that the profits of any insurance business, other than life insurance business, carried on by the Corporation would be payable to Government.

3. The Bill seeks to achieve the above objects.

NEW DELHI; T. T. KRISHNAMACHARI.

The 30th August, 1965.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter dated September 3, 1965 from Shri T. T. Krishnamachari, Minister of Finance to the Secretary, Lok Sabha].

The President having been informed of the subject matter of the Bill further to amend the Life Insurance Corporation Act, 1956 recommends, under clauses (1) and (3) of article 117 of the Constitution, the introduction and consideration of the said Bill in the Lok Sabha during its current Session.

FINANCIAL MEMORANDUM

Clause 3 of the Bill amends with retrospective effect section 28 of the Act to regularise payments hitherto made under the section to the Central Government to the extent that such payments are in excess of the liabilities of the Corporation under section 9. The liabilities under section 9 relate to certain deposits which some erst-while insurers had collected and which were repayable only out of surpluses disclosed at future valuations. In a recent case, the Supreme Court has held that such deposits will have to be repaid out of the balances left over after payment to the policy-holders of not less than ninety-five per cent. of the surpluses disclosed at the valuations of the Corporation. Such deposits together with interest amount to about Rs. 18 lakhs and will have to be repaid out of the Consolidated Fund of India as, in the past, the balances were appropriated to Central Revenues without meeting such liabilities.

S. L. SHAKDHER,
Secretary.

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